



# ***Direct Loan Day***

## **Reducing Direct Loan Defaults Using Late Stage Delinquency Assistance (LSDA)**



# Agenda



**Why LSDA?**



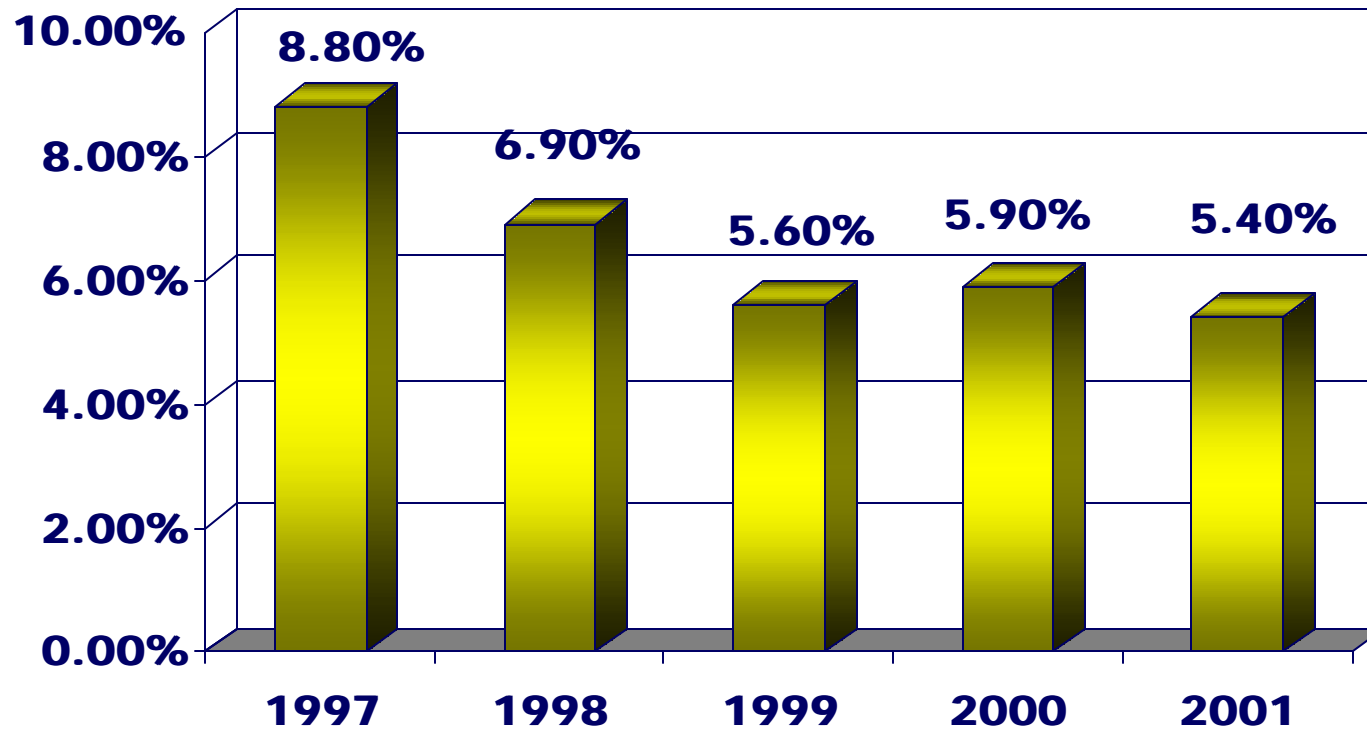
**How to Implement LSDA**



**Direct Loan Coalition  
Partners with FSA**

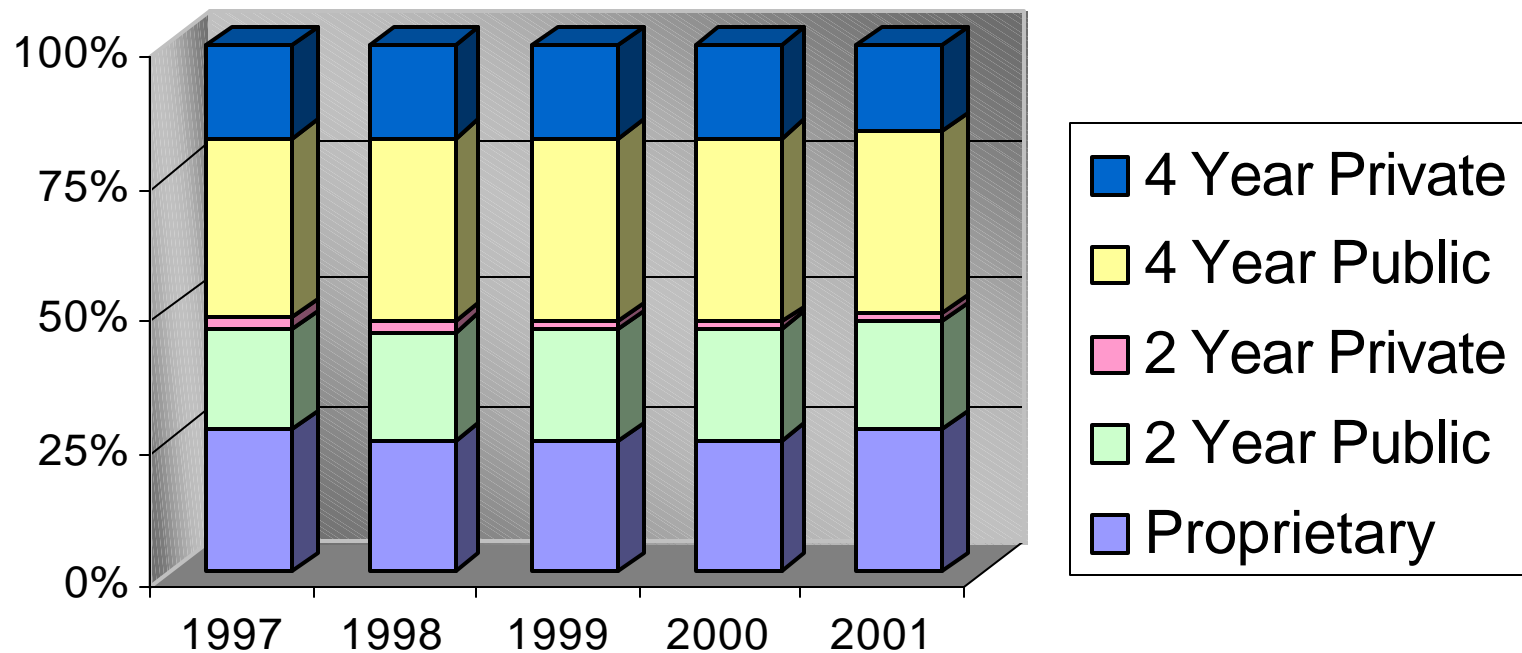


# Official Cohort Default Rates



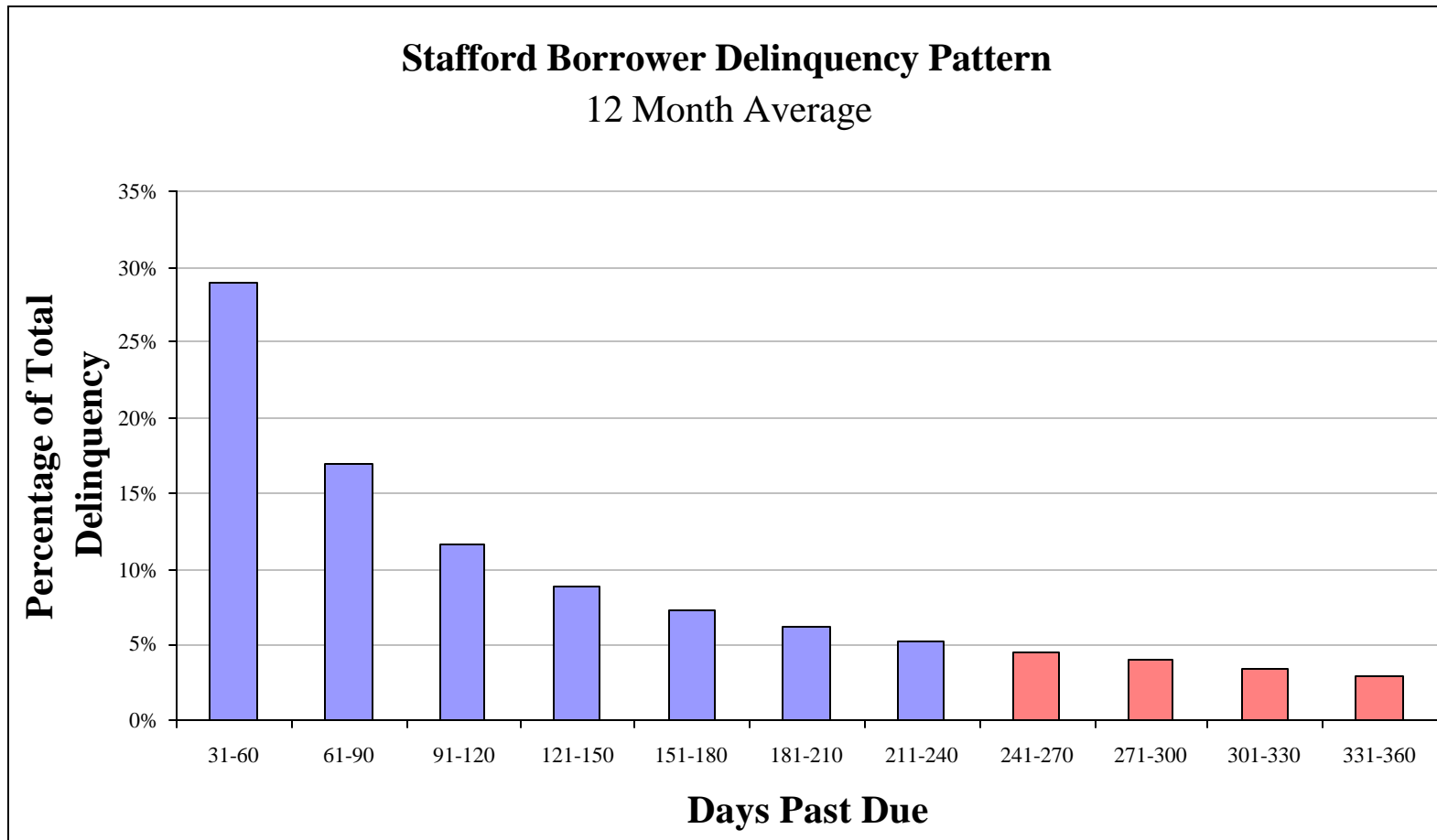
# Makeup of Cohort Rate

Cohort Default Contribution by  
School Type





# Borrower Delinquency Pattern





# Defaulter Characteristics

- 84% do not receive the advantage of the full 6 month grace period as a result of late enrollment notification
- 71% have withdrawn from school and did not complete studies
- 43% have had bad telephone numbers at the time of default
- 58% have not successfully been contacted by telephone during the 360 day collection effort during delinquency

*12 month average of Stafford borrowers - all cohort years*

# Why is LSDA Working ?

- Schools say, “It’s the right thing to do.”
- Schools find that LSDA is practical, straightforward, effective and inexpensive.



# The Tools


- Direct Loan Web Site gives you the flexibility to identify the borrower population you want to work.
- The Direct Loan Servicing Center is available to assist .They can provide the LSDA users guide and tips. They will also assist you while on a call with a delinquent borrower.
  - School Services: 1-888-877-7658  
M-F 8:00 a.m. - 8:30 p.m. EST.
  - Loan Counseling : 1-800-848-0981  
Available for “off hours” M-F 8:30 p.m. - 10:00 p.m.  
& Sat. 8:00 a.m. - 5:30 p.m. EST.





# With the Web Site you can see as little or as much as you want

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**FSA** FEDERAL STUDENT AID


DIRECT LOAN SERVICING'S ONLINE SCHOOL SITE


[Entrance Counseling](#) | [Exit Counseling](#) | **[Delinquency Reports](#)** | [Portfolio Reports](#) | [Report Subscription](#) | [Help with this Report](#)


School Campus code: GXXXXX

## Delinquency Reports

**Borrower History Report**  
The Borrower History Report displays the history of delinquency for selected borrower(s).

**Detail Report**  
The Detail Delinquency Report contains a list of students that attended your institution with Direct Loans from the Department of Education that are currently in Delinquent Status.

**New!** **Late Stage Delinquency Assistance (LSDA) Report**  
The Late Stage Delinquency Assistance(LSDA) report contains a list of students that attended your institution with Direct Loans and are currently 241-360 days delinquent, which can affect your school's cohort default rate.

**Summary Report**  
The Summary Report provides a count of the Stafford and In-School Consolidation borrowers delinquent at the end of the month for the selected Reporting Period(s).

*If you have a question regarding the information presented on this page, please [Email Us](#)*

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**NEW!**

## Late Stage Delinquency Assistance (LSDA) Report

The Late Stage Delinquency Assistance Report provides the most recent report of borrowers from your institution that are between 241 and 360 days delinquent and that can affect your cohort default rate.

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Delinquency Reports								
Late Stage Delinquency Assistance (LSDA) Report								
More Information								
Last update: 11/25/2003 3:24:58 PM								
Page 1 of 4								
Rows: 1 - 50 of 153 Columns: 2								
Reporting Period ▲	Social Security Number ▲	Borrower Name ▲	Home Address ▲	Phone Numbers ▲	Cohort Default Year ▲	Separation Date ▲	▼ Days Delinquent	▼ Original Loan Amount
October 2003	222-11-1111	STUDENT, SAMANTHA S	123 MAIN STREET BOLT, CA 56789	W - Unknown H (555) 123-1234	2003	05/05/2002	344	\$ 2,625.00
October 2003	001-11-1111	SESSION, SUSAN S	333 NEW HAMPSHIRE RENO, NV 23456	W - Unknown H - Unknown	2003	05/05/2002	344	\$ 9,625.00
October 2003	222-22-2222	FRESHMAN, FRANK F	99 CALIFORNIA ST CAPITAL, MD 34567	W - Unknown H - Unknown	2003	05/05/2002	344	\$ 2,625.00
October 2003	001-22-2222	PARENT, PATRICIA P	333 CENTRAL DR FRESNO, CA 33333	W - Unknown H (555)-123-1234	2003	05/05/2002	344	\$ 3,500.00
October 2003	222-33-3333	AMERICA, ALEXANDER A	456 NEW YORK AVE CITY, UT 56789	W - Unknown H - Unknown	2003	08/08/2002	251	\$ 5,154.00
October 2003	001-33-3333	COUNSELOR, CARY C	888 MODEL LN SPRINGFIELD, MA 55555	W - Unknown H - Unknown	2003	08/08/2002	251	\$ 58,500.00
October 2003	222-44-4444	COLLEGE, CANDACE C	123 MAIN ST SMALLVILLE, OH 23456	W - Unknown H - Unknown	2003	08/08/2002	251	\$ 7,997.00

# Accomplishments

- Over 500 schools have indicated an interest in doing LSDA.
- Hundreds of documented three way calls have been accomplished.
- It's worth doing:
  - Over 80% stay saved after 14 months.
  - Over 75% stay saved after 24 months.



# LSDA Works for All Schools

SCHOOL	Total	Defaults	Percent Default	Rescued	Percent Rescued
Technical Institute	2	0	0%	2	100%
Institute of Technology	25	9	36%	16	64%
College	10	4	40%	6	60%
University	41	20	49%	21	51%
Memorial College	21	11	52%	10	48%
College	23	13	57%	10	43%
State University	32	19	59%	13	41%
State University	50	30	60%	20	40%
College	36	23	64%	13	36%
College	23	15	65%	8	35%
State University	66	44	67%	22	33%
College of Business	15	10	67%	5	33%
University	23	16	70%	7	30%
University	11	8	73%	3	27%
University	9	7	78%	2	22%
<b>TOTAL</b>	<b>387</b>	<b>229</b>	<b>59%</b>	<b>158</b>	<b>41%</b>



# Sample LSDA Results

	<b>Total Late Stage Borrowers</b>	<b>Number Rescued</b>	<b>Percent Rescued</b>
<b>1st Sample</b>	683	218	32%
<b>2nd Sample</b>	387	158	41%
<b>Total</b>	1070	376	35%

- Hundreds of delinquencies resolved immediately through three way calls with DL Servicing
- Over 500 schools have indicated desire to work with LSDA
- Downward trend in DL Program Cohort Default Rate

# Effective Implementation

- Plan
- Make it someone's responsibility
- Schedule
- Tips from others
- Refine



# Tips for Success

- Use a light touch – remember you are there to help, not to collect.
- Call at different times of the day – more people are home in the evening and you can call from home using a calling card.
- Mailing personal handwritten notes has been successful.
- Use contact information from the Web,
  - student Email addresses, Perkins Loan info,
  - Registrar's Office, Alumni Office, etc.
- Send out information on repayment options, deferments and forbearance.
- Connect the student with the Service Center in a three-way call.
- Be creative! You can make a difference.







# Testimonials



***"I just wanted to drop you a note of thanks and appreciation for your help with my direct student loan. It had become a sore issue that I found difficult to face, being that I had no answers regarding payment. I was not aware of deferment options regarding unemployment, just those associated with schooling. Thanks again for your help and persistence."***

**~Student**



***"I'm glad you cared enough to contact me and not give up on me when I had just about given up on myself."***

**~ Student**



***"Borrowers are grateful that someone is willing to work with them and help them get through the critical point. A lot of the borrowers do not realize the seriousness of defaulting and the options that are available."***

**~Margaret Pearson, San Antonio College/Career Centers**



# In Your Book

- LSDA Report
- Look at the first name
  - You can help that person!
- Tips
- Testimonials

# DL Coalition/FSA Collaboration

- Reduce Delinquency and Default
- In the Stafford and Perkins Loan Programs
- Using Late Stage Delinquency Assistance

# DL Coalition/FSA Collaboration

## Contact Information

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National Direct Student Loan Coalition

[www.DirectStudentLoanCoalition.org](http://www.DirectStudentLoanCoalition.org)

# What's Next ?

When you return to campus:

- Make LSDA part of your routine.
  - Create local LSDA workshops for colleagues/schools.
  - Early Stage Delinquency Prevention.
- AND**
- Ensure timely and accurate enrollment status change updates at NSLDS.



## *Questions and Comments*

### **Contact Us:**



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